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**Portions of this text may not be
100% accurate.**

Every effort was made during the speech to accurately capture any of the Mayor's unwritten comments.

STATE OF THE CITY 2006

Thank you, Al, and thank you to the Chamber of Commerce, the Fresno Area Hispanic Chamber of Commerce, the Central California Hispanic Chamber of Commerce, the San Joaquin Valley Black Chamber of Commerce, the Hmong Business Association and your sponsors for making this day possible. Let me also thank my family and staff. I would also like to recognize some special guests in attendance today. We have members of the military who have recently returned from Iraq and Afghanistan. Evacuees from Hurricane Katrina who have made Fresno our new home and Rev. Larry Arce and our City Stewards.

Decisions. We make them every day. Some big, some small. Some good, some bad. We make thoughtful decisions and sometimes we make snap decisions. There are all kinds of decisions. All kinds of decisions are out there. Some are easy to make and others are more difficult. But living in some of the most challenging times in the history of our city, state and country we can be sure of one thing. Decisions must and will be made. Someone once said there are 3 kinds of decisions. The best decision is the right decision, the next best decision is the wrong decision and the worst decision is no decision. I believe that to be true. Because, making no decision leaves your destiny in the hands of someone else. Someone or some institution that may not have your best interest at heart.

In 1999, Dr. Gary Sells made a decision to give me a book by Bill Shore entitled "The Cathedral Within." For me, it was a great decision because it's a great book. In fact, it was one of the most meaningful books I've ever read, outside of "How to Succeed in

Hollywood with no Talent” and “Mayoral Leadership for Dummies.” No, I didn’t really read those books – I think I’m writing them.

Mr. Shore is world-renown for his dedication to ending world hunger. The main focus of “The Cathedral Within,” however, is not only who the people are that have come forward to help him fulfill that mission, but also the reasons why. In his book, he talks about the vast array of people from all walks of life that have committed not only their money and resources to help end world hunger, but their own personal time as well, many promising to devote much of their remaining lives in pursuit of this cause. He goes on to say that he was struck by the number of what society would refer to as “extremely successful people” who came forward to help.

Doctors, lawyers, CEOs, ex-politicians, actors, singers and celebrities of every kind. He always asked them the same question – Why? Why did you make the decision to help? Well, he was equally struck by the consistent commonality of their answers. Almost to a person, they described a life full of fame, fortune or both and yet there was a void within them. Something that wasn’t complete. There was something missing. What they had done in life had satisfied some of their internal yearnings, but a deep desire to be a part of something bigger, something that could somehow live beyond their own mortality, had driven them to make the decision to call Mr. Shore.

The decision to be a part of something bigger than ourselves, something that will endure beyond our years on this planet, is a powerful, powerful force. This is true for individuals and I also believe it to be true for the collective spirit of a city.

The City of Fresno has had some monumental planning decisions that reflected that. I believe in the late 1880s, 1885 City was founded. The City was going to be here for a long, long time and set on a solid foundation. In 1876 – I hope Ray Steele's here – the newspaper called the Morning Republican was formed, knowing the people needed information. It was going to be valuable thing for the future. Let's not be confused with the present-day Fresno Bee Democrat. Some of you think that that is progress. Others think that it is reverse evolution.

On November 7, 2000, our community decided to embark on a mission that was bigger than ourselves – something that, if completed successfully, would not only exceed our lifetimes, but would endure for generations. Decades of unequal access to education, opportunity and quality of life for nearly half of our city had created a "Tale of Two Cities." We decided that the socioeconomic wall that had formed on Shaw Avenue must come down. We made a decision as a community to come together, we made a commitment to unite like never before and vowed to stay together day by day, month by month, year by year, for as long as it took to get the job done.

We identified the four cornerstones of education, jobs, crime and growth as our priorities. Now, almost six years later, although the mission is not yet totally completed,

the progress is irrefutable and the benefit to our community of making that decision is nothing less than dramatic. Fresno has moved forward at a pace unprecedented in our history.

Let's do a little then and now.

The General Plan had been a source of frustration for the City and County of Fresno when I took office in 2001. Even as a rookie mayor, it was painfully obvious that without a General Plan that halted the strain and drain of unbridled growth to the north, and redirected growth in and up, the tragic Tale of Two Cities would continue. It's obvious.

In 2002, the City Council approved our landmark 2025 General Plan with a goal of placing more than 60% of our new population growth south of McKinley Avenue. Some people laughed at that. Some people scoffed at that. Some said it was a plan doomed for failure. Today, 60% of all new single family subdivisions in Fresno are south of McKinley Avenue, representing 1,512 building permits, compared to 354 in the year preceding adoption of the General Plan. This is by any measure an astonishing turn around and one this community can be proud of. Also, for the first time in decades, private sector developers are now building market rate housing in downtown Fresno. I have to single out Reza Assemi, he's led the way, more folks are coming down every single day. We're getting more calls from folks wanting to come downtown, believing in downtown, that profit could be made there.

Although our 2025 General Plan has been recognized around the country an historic achievement, it is only as good as its ability to serve **all** of the people of our city.

I'm proud to say that we now assist over 500 families annually by helping them purchase their first home, rehabilitate their existing home, or move into a newly constructed home at an affordable price.

We now develop over 300 new affordable housing units each year – folks, that is a 900% increase from five years ago when only 30 new homes were constructed per year.

The American dream is alive and well in the City of Fresno. Or is it? In 2000, the median Fresno home price was \$104,201. Now, it's \$313,500 and simply out of reach for most working families. In 2000, the median rent for a two bedroom apartment was \$404 per month. Now it's \$782, a 94% increase. It's an issue that we have to face, and we have to face it straight on.

Over the course of several months, I have been meeting with affordable housing advocates, key members of City staff and representatives from the housing development industry to develop an affordable housing strategy. Today, I am pleased to announce the "10X10 Affordable Housing Plan" – a proposal authored by the "Fresno Housing Alliance" that is designed to create 10,000 affordable housing units by 2010.

I will initiate the Plan by appointing a “10x10 Blue Ribbon Panel” to establish and support public-private partnerships to take action in many areas such as Smart Growth, Urban Reinvestment, In-Fill and Transitional Housing Developments and others. I want to thank the City Council for maintaining the integrity of this General Plan despite constant pressure to change it. I know we butt heads every now and then, but it stops with the Council, these land use issues. A Mayor only has so much input – not too much. The Council has the power, the Charter, to keep the General Plan serving this City well intact, from buckling under pressure and rezoning willie-nillie. We know where that leads us and we don’t want to go back there. So I want to thank the Council for having the political courage to stand by this plan.

A critical component of our General Plan is a healthy education system. City leaders all over the country have realized that it is impossible to separate the health of a city from the health of education system. This system has given rise to a number of mayors seeking school board appointment power. I would never think of such a thing, but it shows you how much the health of this education system directly affects the future of the City.

About six years ago, I made a decision to do everything I could to reconnect the public school system with the people of Fresno. Today, I take no joy in telling you that it has been a very rough road. People told me I should be paying attention to city matters, not running around trying to fix schools.

The truth is for decades we had been forced to live with a status quo that was spinning out of control. Not only were the problems not being fixed, we were told, in many cases they didn't even exist. Fundamental issues like limited English learners, under qualified teachers in our most challenged schools and the horrible practice of "...failing kids forward..." thinking they would have a chance in the job market. The issues were not being faced head on. The community had a right to know and now they do. I tell you, when I leave this office, I will look back and that level of awareness that we were able to achieve, I will consider that one of the major accomplishments of this administration.

But the good news is that things are getting better. At least now there's a sense that we're heading in the right direction. With the intervention of leaders like Walt Buster and Chuck McCulley, we are experiencing a new era in our local education system. Fresno Unified Superintendent Mike Hanson has taken the helm and for the first time in decades we have the beginnings of a reconnection of public education and city governance. Mike just flat gets it. He understands that by opening the doors and showing the community what's going on, he can start to rebuild the trust that has been lacking for so long. He also knows that only by investing and targeting resources in the classroom, that change will come. Having said that, we must face the reality that there is only so much Mike can do under the current system.

I have said that problems with public education lie with outdated and ineffective governance. And they do. It all goes back to the inability to take care of and govern our

own. If public education is to be successful then local, not State or Federal, control is essential. A flexible system that holds local bodies responsible for providing the “...**free common and equal education...**” that is, was and always will be every child’s right is superior to the “one-size-fits-all” structure we wrestle with currently. As it is, the State mandates levels of performance and then withholds the most basic means of compliance – **local self-governance**.

That’s why I support, along with Pete Mehas, The Partnership for the San Joaquin Valley and the Assembly Education Committee, the two bills being pushed through the Legislature by Assemblyman Juan Arambula and co-authored by Assembly members Mike Villines and Jackie Goldberg – AB 2859 and AB 2656.

AB 2859 gives greater responsibility for oversight, monitoring, and intervention to the county superintendent of schools for chronically underperforming school districts.

Its companion bill, AB 2656, establishes an Academic Crisis Management and Assistance Team to assist chronically under-performing school districts.

These bills, I believe with all my heart, may very well be the most significant pieces of education legislation to come along since Brown v The Board of Education in 1954.

Because right now, separate and equal is still in existence, it’s just dressed up a little bit – socioeconomic separate but equal. The time is overdue for us to recapture responsibility of our most treasured resource – our schools.

It is simply unreasonable to expect parents to sit by and accept the fate of underperforming schools. They deserve both public and private choices for their children so they can give their kids the same opportunity that families who can afford to leave a failing district enjoy. Public schools and support of school choice are not two opposing positions.

We are working on a number of charter school opportunities in areas that have some of the worst academic results and I encourage the adjoining districts to work with us for the betterment of the community and most importantly to give our kids and our parents a fighting chance.

If you don't have a downtown you don't have a town. Over the last five years, there has been over \$1 Billion worth of investment in the downtown area – with no end in sight.

In January, I introduced the Municipal Restoration Zone (MRZ) to provide another level of incentives to attract and retain businesses. This initiative will continue to encourage economic development in our challenged neighborhoods by providing fee reductions and sales and property tax rebates to qualified businesses.

I am happy to say today that Selland Arena and the Save Mart Center have climbed to the top of the charts in ticket sales and over \$15 Million in improvements and upgrades to the City's Convention Center complex will be completed this year.

But the development of a vibrant downtown requires looking beyond what we currently have and envisioning an area that attracts attention and draws people in. As such, today I am endorsing the development of a “Sports Town” theme along Kern Street leading to Grizzlies Stadium. The plan calls for us to acquire commercial structures and vacant land along Kern St. including the acquisition of the Virginia Hotel to promote private sector development and stimulate the economy of the area.

I would like to thank also the Creative Economy Council who identified the lack of WiFi access as a barrier to bringing people to downtown. I didn't know what WiFi was, I've got to tell you, but it's good though. Being computer illiterate, I was amazed I didn't know what WiFi was. But access to WiFi has been a barrier to bringing people downtown. I believe that, after finding out what WiFi is. While City staff has recently made WiFi accessible in City Hall, that is not enough. Starting today, you will be able to sit at Starbucks or the Kern Street Cafe, order your latte, and surf the net via a free WiFi network. You'll see me there tomorrow pretending I know what I'm doing on the computer. WiFi service on the Fulton Mall will be started in the next two weeks. A lot of exciting things happening in the City of Fresno.

A healthy economy means jobs and we are experiencing what many said couldn't be done. Although we still have much work to do, for the first time in over 20 years, unemployment is under double digits. That's amazing. RJI records show a net 9,400 new jobs in Fresno and Madera Counties since its beginning in 2004. We have seen

more manufacturing jobs created in our region in the last two years than the last 10 combined.

However, as we diversify our economy and continue our search for higher paying jobs and opportunities that will keep our best and our brightest at home. I want to put an end to the brain drain, believe me. We are making progress. As we focus on that, we must make sure to acknowledge that there are still many individuals who are difficult to employ. Morally, we can't turn our backs on them. The Inaugural Mayor's Job Fair - thanks to Randall Cooper and his work on that - was held on April 20th with the specific goal of pairing job-seekers to jobs. **121** Job Fair participants have been hired as of May 15th.

In addition, 50% of the park projects to be constructed with our new Parks Impact Fees will utilize the Conservation Corps to employ and provide on the job training for at risk youth. We must stay the course with our job creation and job training efforts, knowing full well that the dignity of a job is the best economic development tool we'll ever have.

Last year we implemented the City Stewards Program in partnership with Reverend Arce from the Fresno Rescue Mission. The "Stewards" were then deployed to Fulton Mall to assist shoppers and visitors, give directions, pick up and discard debris and other similar chores. So far, eleven individuals have gone through the program, who have received a second chance at life. Six have gone on to employment in the private and non-profit sectors, four are still in the program and searching for work, and only one

chose not to complete the assignment. What a turn-around for a city when you take the least and non-productive, somebody with one foot in the grave and the other on a banana peel, who are now going to work every day, starting a family, getting a fresh start. We can be proud of that. I will be asking Council to approve funding in this year's budget to continue the program.

In order to attract private sector business, we need to operate the City more like a business.

Since my first day as mayor, I have been impressed – really impressed - by the dedication and professionalism of our city employees. What was missing – I found out very quickly - was a sense of “team” and a universal “game plan” that we could all put our arms around.

Things had to change. We had to create and implement a “New Normal”. We had to unite, as I said, if we were going to even survive the challenges coming our way. We had to learn how to compete on a national level and each individual had to understand the importance of being a team member. Department heads had to transform into highly skilled coaches and manage the people's business with new tools and state of the art technology. We decided to transform into an outcome focused government. You know what that means, it's just fancy talk for having a goal and reaching that goal. We didn't have that in place when I came into office.

“The New Normal” has literally revolutionized how the City operates the business of the people. Some of the most important business you can be engaged in.

As a result of the New Normal, the City budget is based on specific outcomes rather than just giving automatic increases to departments. We have implemented a Pay for Performance plan. But this Pay for Performance plan is not punitive, it does not pin one employee against the other. I come from the National Football League, my contract was full of performance clauses. I loved them being there. No teammate ever was jealous. It was good. It also, in our system, promotes communication and rewards exceptional performance. What in the world is wrong with that? We invested in two state of the art software systems that allow us to manage time, activity and resources. Right now, we can see at the click of a mouse button what our departments look like in real time. That’s very critical to be able to operate efficiently for you, as a City. We expect to have information from this “Dashboard” system available on our website for you, the public, an access that I, the City Manager and the City Council see every day, will be accessible to you by July 1st. Commitment to open government that I’m proud of, I don’t fear it and I think it’s going to set a standard for cities around the country.

A Mayor has a lot of duties, but nothing is more important to me than my oath to do everything within my power to keep you, the people of Fresno safe. Statistically, crime in Fresno is at a thirty four (34) year low, but we must always remember that the war on crime can never be won, yet it must always be fought on two fronts – prevention and suppression – never forsaking one for the other. We have never wavered from our

commitment to Public Safety, and this year's budget contains the largest investment in the history of our City. But I have to look you in the eyes and tell you, the financial day of reckoning is not far away. We are investing 73% of our General Fund and have a total investment of \$182 Million.

Over 2/3 of the growth of our General Fund was needed to pay for public safety fixed costs, such as salary increases, pension payments, health insurance, overtime, and officers previously funded by federal grants. Yes public safety is critically important and I will never waver from that duty, but we simply can't go on like this. At the present rate, public safety will bankrupt the General Fund in a few short years. Pete Weber, you pointed out a few years back and you were right on target. Quite frankly, the answer is not a cop on every corner. First of all, it financially doesn't make any sense. Second of all, I don't think it will get the job done. I believe the answer is innovation and efficiency and we'll embrace that in the City of Fresno, at least in my last few years and, hopefully, beyond.

Chief Dyer calls it "Smart Policing," an approach that fights crime on all fronts by utilizing technology, civilian employees, data driven deployment of resources, and gang intervention and prevention efforts. Ten percent of people cause sixty percent of the crime. And out of those ten percent, a small percentage of those were gang members. The good sign is we can target them, we can find them.

A component of Smart Policing is the use of video cameras, which allow us to maximize the presence of officers in our parks, business districts, schools, and neighborhoods. This isn't Big Brother, it's just good sense. As of this week video cameras are operational at Manchester center and soon more than 75 cameras will be strategically placed throughout the city. The presence of cameras in our city will not only deter crime, but will increase apprehension as well. This has been statistically proven.

The Department will also be taking over the responsibility of stamping out graffiti. Graffiti is not just a beautification issue, it is a gateway, pathway crime that will not be tolerated. Many of today's prison inmates were yesterday's graffiti vandals. Believe it, it's true. So we put a person on this full time. If you believe in something, you have to invest in it and focus on it. Sergeant Bill Dooley has taken command as the leader of this initiative, and he will work with members of each policing district, community groups, and the faith based community to both prevent and remove graffiti from our neighborhoods. I am also introducing an ordinance requiring that all businesses remove graffiti from their property within 24 hours. We will provide the resources to do so. This ordinance has been discussed with the Chamber of Commerce whose Government Affairs Committee supports its adoption.

In 2001, I found a Fire Department that was not keeping up with the needs of our growing community because of lack of resources. While embracing Chief Bruegman's commitment to the standard of four minutes to excellence, we have increased the Department's budget by more than 50% since 2002. We have added 47 firefighters and

9 fire inspectors over the last three years. We have opened two fire stations, acquired 18 pieces of new equipment, and will be ordering three new pieces in the upcoming year.

In these times of limited resources for both the City and County, however, we must find ways to stretch every dollar that we spend on public safety. The merging of key support services to eliminate duplication of efforts is a critical first step we must continue to pursue. I know there is a turf protection, folks, I know there is a lot of status quo there, it's been there for a long time. But we have to come together, we have to work together, we have to integrate, merge, consolidate, whatever you call it. But we must continue to push forward and become one in terms of public safety. I want to thank the Al Smith and the Chamber of Commerce for taking the lead on this. *(APPLAUSE)* Now I'm going to go back quickly and talk about gang activity because it's one of the most important issues a city can face.

This country is seeing a dramatic resurgence in gang activity. We know that a criminal or gang member is created long before he or she commits their first crime or joins a gang. The importance of reaching the heart of an at-risk youth before they make a wrong choice and join a gang has never been greater. That is why I have created the Mayor's Gang Task Force for Intervention and Prevention. I am calling on leaders from local law enforcement, education, health, social service, and community organizations to create and implement collaborative solutions focused on five areas: prevention, intervention, suppression, rehabilitation, and employment. John Shegharian has a great

quote: Nothing stops a bullet better than a job. I have proposed \$1.2 Million in the budget to support this effort. If we believe that is the way we have to approach crime, then it's a very wise investment and we need to do more.

Through innovative after-school programs and other initiatives, we will continue to support, assist, and strengthen the well being of our youth. On average, 2,650 kids attend these successful programs on a daily basis. They include Literacy and Employment Readiness, Academic Success Programs including the highly acclaimed Academic Game Plan, Pathways to Excellence and the old reliable, but always effective, Character Counts. If ever there was a time to not join a gang or quit a gang it is now. But make no mistake, even though my heart aches for every young person who makes the tragic mistake of joining a gang, my first responsibility must be to protect the law-abiding people of this community. And I make this vow to you again today, as I have for the last six years, there will be zero tolerance in the City of Fresno for gang activity.

I've learned that you never know where the next challenge will appear. Sometimes it can present itself in the most mundane package. Take for example the City's pension plan. In 2001, the City of San Diego was a beacon of financial stability. It now finds itself teetering on the brink of financial ruin because it forfeited its future by making large increases in their pension benefits while times were good. They took from one-time money. Nobody was paying attention to the potential downfalls that were lurking in the future.

On the surface, the City of Fresno has a healthy pension system. But when you look a little deeper you will discover that the City is making annual payments of over \$15 Million on debt that was incurred in 1994 to bail the system out of its own financial crisis. We had a little mini San Diego going on then.

To ensure the long term stability of our pension plan, I will be asking the City Council to place on the November 2006 ballot a Pension Protection Plan that will put pension safeguards into the City's Charter. These safeguards will include requiring increases in benefits to be approved by voters, requiring that any other changes to the system be paid for at the time they're incurred - not going out and using money that's not going to be there - and providing new employees with the choice of entering a 401K plan or the City's system. This will be good fiscal management for the City and a good plan for employees.

The budget, however, does not include a utility rate increase. With gasoline over \$3 a gallon, and some power bills exceeding \$500, how much more can a family bear?

When I open up the Fresno Bee and see folks hocking their prized possessions just to put some gas in the car, it's frightening. I don't believe the time is right to add another cost onto already stretched budgets. But there is a cost of doing business and a future rate increase is most likely unavoidable. To assure that any future rate increase adequately addresses the long term needs of the utility department, I have instructed

the City Manager to begin a community outreach and education project and to return with a long term utility plan by December of this year.

We will not consider a utility rate increase until we are assured that every dollar that you pay for service is stretched to its maximum.

We are constantly looking for better ways of providing essential services to the community. Therefore, this year we will explore the formation of a "Municipal Utility District" (MUD) to provide City water, sewer and solid waste services.

The special district would serve customers within the existing City Utility service area. While the district would not be a part of City government, local control and accountability would be maintained through a separate elected board. Is this dramatic change than what we are use to? Yes. Is it the smart thing to do? Absolutely. A special district will result in more efficient operations for rate payers and will allow the governing board to ensure the long-range planning and construction of critical infrastructure that will be needed to fully implement the 2025 General Plan.

It wasn't too long ago that the definition of regional cooperation was Clovis, Fresno and Fresno County NOT suing each other. We set a standard so low that if we could just manage to not kill each other, we were "cooperating" on a regional level.

My friend Bob Waterston doesn't want to kill anymore he just yells at me a lot.

Much has changed in five years. The Central California Mayors Conference was founded, bringing together Mayors from Bakersfield to Lodi on an annual basis to get together to talk about problems and how to solve them.

The Regional Jobs Initiative was founded in 2003, forging a partnership between the private and public sectors to create new jobs and reduce the double-digit unemployment that has plagued our Valley for decades.

Operation Clean Air, a partnership comprised of government, non-profits, health care, private business and environmental groups is alive and well and strong thanks to the hard work of its President Hal Bolen for all the work he has done in this area and the many dedicated volunteers.

Legislation establishing a federal Air Quality Empowerment Zone is being drafted as we speak and will be one of the most important piece of legislation you can ever get behind. I spoke with Assemblymember Juan Arambula is carrying a bill establishing Air Quality Mitigation Zones at the State level. We must hope and must work hard for its passing.

At the 2005 Central California Mayors Conference, I was honored to be on stage when the Governor Schwarzenegger signed his Executive Order establishing the Partnership for the San Joaquin Valley. Bringing the state in with the valley. This partnership,

comprised of 28 members from 8 counties of the Valley has been meeting since June 2005.

In November, the Partnership will present an action plan to the Governor. The report will focus on ways to sustain economic growth, create jobs and improve environmental quality in the region. In his recently released budget, the Governor allocated \$5 Million to begin implementation. Unfortunately, it appears that once again, we will have to fight the battle for that money to remain in the budget.

Protecting our environment and improving our air quality is everyone's responsibility. That's part of the Partnership's Focus. The city must do its part.

We now operate one of the largest clean air fleets in the region and as a result, have received numerous honors: the ***Environmental Protection Agency's 2006 Environmental Achievement Award*** and the ***Department of Energy's 2005 Clean Cities National City Fleet of the Year*** and the ***Environmental Protection Agency's Green Power Leadership Award***.

Meeting the 2010 air quality standards is a daunting challenge, but we have to accept the mindset that failure is not an option - not for us, but our kids and our grandchildren. We have to address the air situation and we must make difficult decisions to make sure we clean the air. We must be committed to exploring and developing new strategies and technologies, such as the introduction of hydrogen fueled vehicles, the expansion

of solar energy technologies, and advanced public transportation systems. With fuel prices spiraling out of control and air pollution a constant threat to the health & welfare of our community, the time to fully commit to mass transit is now. I will fight for this the next two years of my office and, as long as I can take a breath, after I leave office. The city and county must work together like never before to make sure Measure C is passed – create a mass transit plan out of those funds and implement that plan. Our children and our grandchildren are depending on us to do that.

Now let's take a moment to talk about something non controversial – water. The long and short of it is that we don't have enough of it.

The pending settlement in the 18-year-old San Joaquin River environmental litigation is going to result in additional releases from Friant Dam and there is no plan in place to replace the much needed water for cities, towns, and farms. This is not just an ag issue, as much as Sacramento wants to frame it that way. This is a quality of life, a city issue, a small town issue. My goodness, we had a mini Katrina in Firebaugh, but to them it wasn't mini.

Because of this spring's big storms, flood releases into the San Joaquin River and out to the ocean have been immense. About every 10 days this spring, enough water has been released down the river to meet all of Fresno's needs for a year. Just in this past storm season. Flood releases are expected to total 1.2 million acre-feet of water. That

could have filled the new reservoir, had it existed, and conserved now-wasted water for river restoration and groundwater recharge. It's just flowing out to the ocean.

What we need – what the entire valley must have – is surface water storage at Temperance Flat.

I'm disappointed, and I know Governor Schwarzenegger feels the same, that surface storage funds were taken out of the bond situation, along with other very important infrastructure items for the Valley.

But we will not give up the fight. With current needs and projected growth, we need more water, not less. We barely have enough now to keep our economy limping along. If we don't have water storage, we simply can't do any of the things we're talking about. The downtown we're talking about will dry up, the schools we're talking building, hospitals, everything needs water. Fresno, the Valley and all Californians – must have Temperance Flat. It will serve Southern California as well with zero impact negatively on the environment. In fact, it would improve the environment by creating a cold water habitat for fish. Put simply but truthfully – no water, no future.

Now I want to talk about a subject off the text a little bit that I've been taking a little heat on from folks up in Sacramento, saying I'm always looking for a fight. That is so against my nature – I hate to fight. I think boring is really exciting to me and it's not because of my age. Fights don't excite me, they drain me. I wish I could tell you here that we could

have gotten Proposition 1A passed without a fight. Behind the scenes, you don't want to know about. I lived them, I'm not whining, but there were things unimaginable. It's like making sausage – you don't want to see it made, but it's a tough sausage to make. You have to beg, fight and claw for basic essentials. I wish I could tell you it wasn't a fight to get the Hope VI grant. I know Ned Stacey is smiling. I wish the Empowerment Zone didn't take a fight. Heck, I had to fight the Governor, who didn't even put anybody from the Valley on his Transition Team.

I live for the day, I yearn for the day, I literally pray for the day that Sacramento, when they make these life-altering, life-changing decisions, have at least one person thinking about the Valley. I don't mean to ever embarrass you, but sometimes it's the only language they understand. Before I pick up that club, I will take every avenue to get it done - civilly, diplomatically, begging. I told someone that I'm not Mayor, I beg. I go to Sac and beg, I go to Washington, I beg before I fight. But you voted for me to end the Tale of Two Cities and, unfortunately, that can't happen at this time without a fight. But I look forward to that day and when that day comes, I'll be the happiest mayor of my life.

The last topic of this year's State of the City is the same topic as last year – immigration reform. There were some last year who thought immigration reform was not appropriate for a State of the City Address. That it was a federal issue only and mayors should stay out of it.

I, as well as the vast majority of mayors around the country, knew different. The reality is the issue of illegal immigration dramatically affects virtually every aspect of our community from education and housing to unemployment, health care and public safety. How could I not address it? With the facts so certain and the moral mandates so clear, the only reason for a mayor, any mayor, to not address this issue of illegal immigration in their community would be politics. Yes, it is a very, very difficult, volatile issue that you could get your political legs chopped right off with the utterance of one word that somebody takes wrong. But address it I must. To run from it would make me or any other mayor who chooses to do so, nothing less than political cowards as well as betray our oath of office to the people of our cities. I don't plan on doing either one.

Today, I'm going to talk openly, frankly and honestly. And, quite honestly, some of the things I am about to say will undoubtedly rub some people the wrong way. I can guarantee you, some will flat out get mad. Others may say it's an exaggeration. Others will say it's not my responsibility. But in reality, it is the most important mayoral issue of our time. And I believe history in short order will prove this to be correct.

I have to set the record straight. In my State of the City address last year, I took heat – a lot of heat – locally and nationally for referring to our current immigration laws as chaos and madness masquerading as border policy. I also pointed out that, although the crossing of our borders illegally may be a federal matter, it is in reality, a local issue because all of the consequences of this dysfunctional system, such as overcrowded and financially strapped emergency rooms, jails, prisons and schools fall squarely on

the shoulders of local communities and local governments. I stand by those words today.

The pictures of students jumping over school fences and 25,000 people protesting at City Hall, where one little mistake could have caused a tragedy, should be enough to convince any remaining skeptics that all immigration law is local. So we must deal with it.

However, in the same breath I also praised the immigrants in our country, in particular the Mexican immigrants, both past and present, whom we owe a debt of gratitude for giving and sacrificing so much to build a strong and secure America. I went on to say that the border must be secured and the immigration system reformed but I would not be a participant in the demonization of millions of good hardworking people in the process. Today, I stand firmly by those words as well.

This immigration crisis we find ourselves mired in today has been decades in the making, but in our heart of hearts we knew it was coming. We hold these truths to be self-evident that all men are created equal, endowed by their Creator with certain inalienable rights, those of life, liberty and the pursuit of happiness. To systemically embrace illegal immigration and all the suffering that goes with it, to violate that basic principals that this country was founded on. Did we really expect any result other than what we're dealing with today.

The biggest stir was caused by my call for a two year moratorium on immigration. Some people from both sides of the issue quickly grabbed this statement, conveniently left out my reasons for proposing such an action, and proceeded to use it to further their own respective agendas. The truth is, I proposed it out of fear. Fear that this very complex, very volatile issue so central to the social and economic health of our city – our future literally hanging in the balance - and our country, would not be given the investment of time, focus and study necessary to find real comprehensive immigration reform. It means too many things to too many people. Comprehensive reform to some means cheap forms of labor for the fields. That's not what it means to me. It's more than that. I feared that the debate and decision making process would descend into a partisan abyss driven by politics, emotion and ignorance.

A year later in this year's address, I'm sorry to say, my worst fears have been realized. Now, the only thing that matches the chaos and madness of our border policy is the chaos and madness driving the proposed solutions.

Alright Autry, so what is the solution?

Number one, sure, we must secure the border and I support the President's plan to do so - a plan that secures the border without walls. Number two, yes, there needs to be a guest worker program. Number three, yes, there needs to be a plan to address the over 11 million illegal immigrants, many of them here in California and the San Joaquin Valley, that are already here that does not include mass round-ups and sending them

back to Mexico. But these actions alone don't come anywhere close to comprehensive reform that is beneficial to the City, this State of this Country. The issues of healthcare, housing, transportation and education all must be included in order to have true immigration reform. These issues that are critical to communities and cities around the country, in particular our border states, one of which we live in. But they are not even in the realm of discussion in Washington. When these laws go through and they get implemented, they are in concrete – it's tough to add in or take out.

I've always said the truth will set you free, but first it will make you miserable. The inescapable truth is we can not achieve true, comprehensive immigration reform until we first reform our own minds and our own hearts – as individuals and collectively as a country.

The truth is, we have exploited immigrant labor, in particular, labor from Mexico for a long, long time. Long before our current crisis. During World War I, our boys were fighting overseas. We let the immigrants in to keep our economy going. Our boys came back, we kicked them back to Mexico. World War II, our boys go over to fight, we let them in to keep the economy going. Our boys came back, we kicked them back to Mexico. The fact is, we have never treated the immigrants across our southern border in keeping with our rich history of welcoming immigrants, even though they had been instrumental in helping America win two World Wars. I am going to say something right now that I debated about mentioning. We talk about illegal crossings, nobody's for that, don't confuse it, I'm not condoning it. But all of those immigrants came over here who

were disrespectfully kicked back without so much as a thank you. I want to thank you. I want to thank all of the immigrants working those fields, bussing those dishes, keeping this economy going – thank you for what you do. There's a big difference between citizenship and being a good American. These immigrants that came over here to help in those times, I believe, are better Americans than the executives of oil companies that seem intent on gouging this country into a recession. So I want to thank them for their honest days' work for an honest days' pay.

So where do we begin to find real solutions? You know, confession can be powerful, not only for an individual but for the collective soul of America as well. In some cases, the transgression can be so egregious that the forgiveness and restoration and clarity of thought required for true solving of the problem cannot occur without it. Such is the case with the issue of immigration reform.

So who needs to confess? Well, since they're the easiest target, let's start with the immigrant who decides to cross the border illegally. The law is the law and, even though we don't respect our own border laws enough over the last forty years to enforce them, I suppose a case could be made that immigrants should respect them anyway.

The next three that need to confess are the three partners in crime that together form a coalition of greed unparalleled in modern history, marked by an insatiable lust for profit and a total lack of conscience or morality. The first of these is our own federal government. They need to confess that they have been responsible for institutionalizing

illegal immigrants by purposely keeping in place for decades an immigration system that is too complex, too costly and from the top to bottom, totally corrupt. This system has driven millions of desperate men, women and children into the dark world of illegal immigration where many are exploited, abused, raped, sold and even killed. Do you think it's just a coincidence that the cost of going through the legal immigration system – of which they will never get to America – is nothing more than a stone wall and costs around \$2,000, the same as the going rate for a human smuggler? Now, I don't want any confusion on this. Am I suggesting the government has been complicit in keeping a dysfunctional immigration in place in order to fuel illegal profiteering? The answer is yes.

The second member of this coalition of greed is the government of Mexico. They need to confess that they have been equally complicit in this human tragedy that is unparalleled by being a tacit partner to not only keep the present system in place, but allow their economy to be dependent on it as well. Money being sent back to Mexico by foreign workers, most of them in America, and most of them here illegally, recently passed tourism and oil as the biggest source of foreign exchange. The government of Mexico has done absolutely nothing to push reform in this area. In fact, it has encouraged illegal activity by circulating maps of border routes and facilitating deals with human smugglers. The government of Mexico. To subject your own people to this kind of horror is vicious and unconscionable.

The third member of the coalition of greed that needs to confess is Wall Street and all of our business community that, somewhere along the line, lost their way and made the decision that legitimizing illegal labor not only was morally okay, but made good business sense as well.

I have a list here, only a partial list. You see, we get obituaries when we die here. You get a computer read-out when you die on the border. This is what we built our economy on. Michelle Acosta, 16 years old, cause of death – hypothermia. These are deaths on the border, by the way. 476 last year, 99 this year, we have only kept tabs for 3 years now. Roberto Echeverria, 18, cause of death - blunt force trauma to the head. These coyotes are really good people, aren't they. There are a lot of folks named "unknown" with multiple injuries due to blunt force. That's what we've been party to, that's what we've been investing in, that what we've been building our economy on. The truth will set you free, but first it will make you miserable.

When I see the Wall Street Journal justify this system of illegal activity that has devastated so many lives, it makes me literally sick. The economy will fall apart if we don't have it, they say. I thought we as a nation addressed that issue clearly with the Civil War, when the southern states said that their economy would fall apart if they were not allowed to exploit and abuse human beings to pick their cotton. Exaggeration? To answer that question, I think you need to honestly answer this question – Is there really that much difference between a slave ship and the back of a coyote's truck? The truth is, this nation did not fall apart when slavery was destroyed – we became stronger. And

the truth is, our nation will not fall apart when the socioeconomic slavery called illegal immigration is abolished – we will only become stronger.

Some of us that need to confess. People. Us. People like me. Especially people like me. I called my mother today and asked for permission to tell this story.

Our family of three, although not here illegally and obviously not Hispanic, came from Oklahoma. We worked the fields. I went to 6 schools in 5 years following the cops and lived the life that many immigrants are living today, with minimum wage, hand to mouth, rent to rent. I say that to say this. My father, Joe Duty, a Texas migrant farmer who worked very hard. He used to love to go out and work on his own. He loved that time by himself. One day, a fellow named Macias showed up, the boss decided to hire him from Mexico, he spoke no English, and stuck him with my dad. My dad didn't like it very much and neither did Macias. It was bad. There was one day my dad came home before noon. My dad never came home before noon. His face was all red, he thought Macias had cussed him. He didn't understand Spanish, he just listened to his tone of voice. I asked "Do you understand him?" He said "No, but I know he cussed me." I was scared. I remember, I thought he was going to hurt him. It was bad tension and I had knots in the stomach.

Then one day I came home, walking down the dirt path, the bus dropped me off, and I saw Macias & my dad sitting on a tailgate talking. I don't know what happened, but a friendship began. It became one of the strongest friendships that my dad ever had.

My dad got sick when I was in college. We didn't know what it was. He had to go to the hospital at University Medical Center. I don't want to criticize anyone, but I just want to tell you how the system works for poor folks. My dad never missed a day of work. He missed a week, he was hurting, losing weight. I came home from college because he needed to go into the hospital.

Well, back then they put in bleachers if you didn't have insurance. There was my dad and 20 Mexicans. When I got there, they had been sitting there for 3-4 hours. My dad came out from the interview to determine if he would be admitted to the hospital. He came out, had a look on his face and said "let's go home, they're not letting me in." I just blew a gasket, so I went in and talked to the guy. I said you don't know my dad. For him to be coming to the hospital, he's really hurting. The guy looked at me and said, son, it's really important that we hear this. We're going to let him in. So I was relieved.

As I was walking out, I looked over at the bleachers and saw a Mexican fellow his late 50's who he turned to me and smiled, as if asking "Can you help me get in?" But I didn't speak any Spanish. And frankly, I was worried about my dad.

My dad got in to the hospital and got operated on by a guy who was on leave from the National Guard. You see, young doctors don't get their experience from the Donald Trumps of the world, they get their experience on poor people – that's just the way it is.

But they messed up. They released him when they shouldn't have, they rushed him out of there because he didn't have insurance. He went home and two days later, an ambulance came and took my dad back in.

To make a long story short, my mom went there every day and a man who went into the hospital weighing 220 lbs, died at 80 lbs.

I was devastated. I didn't know if I did the right thing, getting him in there. One thing I do know is that, when I was sitting there at the funeral, the first guy who came down aisle to see pay their last respects to my dad was Macias.

So I need to confess and make a public apology to all those folks that were in those stands and I didn't do something to help. I know what happened to my dad and I know where he died and I think about it a lot these days with this issue. Where did they die? How did they die?

All I can do now is say I'm sorry for not helping. Because, you see, I knew. I knew how things were. And I have to also confess that I knew and I went on to finish college, played pro football, got in the movie business, living the life of sunglasses and signing autographs. I can only say I'm sorry and I will do my best to make it up with my focus on this issue and my commitment to this issue. Thank you for allowing me to do that.

Make no mistake, the immigration crisis we are faced with today will go down in history as one of the defining issues of this generation. What decisions will we make? If it is addressed honestly, thoroughly, thoughtfully, these times of challenge could become times of opportunity that could result in a stronger, more united America. But if we rush recklessly forward with political expediency as the guiding principle and bungle this thing, it could very well usher in an era of socioeconomic civil war and in the process create an enemy out of a country that should be our closest ally. The stakes are enormous. Do we not hear the growing drumbeat of Hugo Chavez?

I will be sending a letter to the President and to Congress and will be asking other Mayors to sign on, to institute the three initiatives that must be put into place: to halt this momentum, appoint a Congressional task force, and engage Mexico to do the same. To gather information and construct true, thorough comprehensive immigration reform.

"The Cathedral Within" was born out of Bill Shore's fascination with the great cathedral builders of the early centuries. He was particularly enthralled with the Cathedral of Milan, a Cathedral that took five hundred years to build. It is one of the most beautiful buildings ever built by the hands of man, and provides peace and sanctuary for millions of people over the centuries. It's not unusual to see people kneeling in the corners under the stained glass windows weeping silently - barely audible conversations between family members.

But how did it get built he thought? 500 years it took to build. Yet generation after generation they kept building. The vast majority of those who worked building this cathedral knew full well they would not live to see the final, finished achievement. Yet this didn't diminish their dedication, in fact it enhanced it. Then it hit him with clarity, the people who had come forward to help in his mission to end world hunger and the great cathedral builders of history were one and the same. He came to the conclusion that there is a basic human need in all of us to be a part of something bigger than their own mortality. Something lasting. Something that inspiration and faith are not merely by-products or fringe benefits of the work but the core purpose, the essential uncompromising ingredient of the entire endeavor.

Now more than ever our country needs cathedral builders. The state of our city, I'm here to tell you today, is strong because the hearts and souls of our people are strong. We have made a decision to be a community of cathedral builders by taking on the issues that have to be taken on for the sake of our children and grandchildren. I see people doing it everyday.

When a volunteer helps an at-risk youth learn to read, a Cathedral of hope is being built. When a cop mentors a young teen just out of juvenile hall, a cathedral of trust is being built. When a church choir gives of their time to sing at a home for the elderly a cathedral of compassion is being built.

Any time we give to this special City to help build a better community and a better tomorrow for our children and grandchildren, a cathedral is being built. No, we may not have a beach and we may not have a bay, but I don't care. I wouldn't trade the spirit of our people for anything. I'm the luckiest Mayor in the World because I'm Mayor of the City of Fresno.

Now I want to thank you, Mom, because last Mother's Day, something happened that I will never forget. We were eating lunch with the family, when I looked over in the corner an elderly man was looking my way. Finally he came over and introduced himself as a Pearl Harbor Survivor. I said "nice to meet you, sir, I'm so honored to meet you. My mother here was a Rosie the Riveter." His eyes got real big and he asked "Rosie the Riveter" Every veterans' ears perk up when you hear Rosie the Riveter. We all knew who Rosie the Riveter was. So he took mom's hand and gave her a kiss on the hand. It will be in my minds-eye forever. She said, "Sir, we Rosier the Riveters knew who you were, too." Mr. Lee, thank you for helping build one of the most precious cathedrals anyone can partake in, the Cathedral of Freedom.

Thank you, Mom, thank you Mr. Lee and thank all the veterans. I thank all of you for coming here today. God bless you, God bless Fresno and God bless America.